

(q) *Audit requirements.* Audit reports will be prepared and submitted in accordance with § 1942.17(q)(4) of subpart A of part 1942 of this chapter. The audit requirements only apply to the year(s) in which grant funds are received. Audits must be prepared in accordance with generally accepted government auditing standards using publication, “Standards for Audits of Governmental Organizations, Programs, Activities and Functions.”

(r) *Grant cancellation.* Grants which have been approved and funds obligated may be cancelled by the grant approval official in accordance with § 1942.12 of subpart A of part 1942 of this chapter. The State Director will notify the State coordinator that the grant has been cancelled.

(s) *Grant servicing.* Grants will be serviced in accordance with subparts E and O of part 1951 of this chapter.

(t) *Subsequent grants.* Subsequent grants will be processed in accordance with the requirements of this subpart for each additional time period a State is designated to participate in this program.

§ 1940.969 Forms, exhibits, and subparts.

Forms, exhibits, and subparts of this chapter (all available in any FmHA or its successor agency under Public Law 103–354 office) referenced in this subpart, are for use in establishing a State economic development review panel and for administering the Panel Grant program associated with the panel.

§ 1940.970 [Reserved]

§ 1940.971 Delegation of authority.

The authority authorized to the State Director in this subpart may be redelegated.

§§ 1940.972–1940.999 [Reserved]

§ 1940.1000 OMB control number.

The collection of information requirements contained in this regulation has been approved by the Office of Management and Budget and assigned OMB control number 0575–0145. Public reporting burden for this collection of information is estimated to vary from 30 minutes to 48 hours per response

with an average of 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM, Room 404–W, Washington, DC 20250; and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503.

PART 1941—OPERATING LOANS

Subpart A—Operating Loan Policies, Procedures, and Authorizations

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AUTHORITY: 5 U.S.C. 301 and 7 U.S.C. 1989.

SOURCE: 43 FR 55883, Nov. 29, 1978, unless otherwise noted.

Subpart A—Operating Loan Policies, Procedures, and Authorizations

SOURCE: 53 FR 35684, Sept. 14, 1988, unless otherwise notes.

EDITORIAL NOTE: Nomenclature changes to subpart A appear at 68 FR 7696, Feb. 18, 2003.

§ 1941.1 Introduction.

This subpart contains regulations for making initial and subsequent direct Operating (OL) and Youth (OL-Y) loans. OL loans may be made to eligible farmers and ranchers and entities that will manage and operate not larger than family farms. Youth loans may be made to rural youth to conduct modest projects in connection with their participation in 4-H, Future Farmers of America, and similar organizations. It is the policy of Farm Service Agency (FSA) or its successor agency under Public Law 103-354 to

make loans to any qualified applicant without regard to race, color, religion, sex, national origin, marital status, age or physical/mental handicap provided the applicant can execute a legal contract. Any processing or servicing activity conducted pursuant to this subpart involving authorized assistance to Agency or its successor agency under Public Law 103-354 employees, members of their families, known close relatives, or business or close personal associates, is subject to the provisions of subpart D of part 1900 of this chapter. Applicants for this assistance are required to identify any known relationship or association with an Agency or its successor agency under Public Law 103-354 employee. See exhibit A of subpart A of part 1943 of this chapter for making OL loans to entrymen on unpatented public lands. Agency or its successor agency under Public Law 103-354 forms are available in any Agency or its successor agency under Public Law 103-354 office.

[53 FR 35684, Sept. 14, 1988, as amended at 58 FR 226, Jan. 5, 1993; 58 FR 48282, Sept. 15, 1993; 61 FR 35925, July 9, 1996; 68 FR 7696, Feb. 18, 2003]

§ 1941.2 Objectives.

The basic objective of the OL loans program is to provide credit and management assistance to farmers and ranchers to become operators of family-sized farms or continue such operations when credit is not available elsewhere. FmHA or its successor agency under Public Law 103-354 assistance enables family-farm operators to use their land, labor and other resources and to improve their living and financial conditions so that they can obtain credit elsewhere. The objective of the OL loan program for rural youth is to provide credit for rural youths to establish and operate income-producing projects of modest size in connection with their participation in 4-H clubs, Future Farmers of America, and similar organizations.

§ 1941.3 Management assistance.

As provided in subpart B of part 1924 of this chapter, management assistance will be provided to all borrowers to the extent necessary to achieve the objectives of the loan.